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ABSTRACT

Enrollment projections and the economic environment of higher education are analyzed, along with questions that trustees should ask. Factors that affect enrollment projections are addressed, and trend data at the national, regional, and state levels are presented. Demographic considerations include: future age distribution of the population, past enrollment trends, determinants of college-going behavior, possible offsets to the declining 18-year-old population, increased enrollment of minorities, people from low- and middle-income families, and older students, and enrollment of foreign students. Other factors that will affect enrollment patterns during the 1980's and beyond include the economy, trends in federal and state student aid, the rate of increase in college prices, employment prospects for new graduates, and the attractiveness of alternatives to college. The ways that different types of higher education institutions will be affected by declining enrollments are also addressed. Questions or concerns for trustees are identified separately for universities, liberal arts colleges, community colleges, and multi-campus colleges, and general questions applicable to any campus are also presented. The analysis is supplemented by numerous bar graphs for each region and state. (SW)

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THE COMING ENROLLMENT CRISIS:

What Every Trustee Must Know

By David W. Breneman

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Association of Governing Boards of
Universities and Colleges

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Preface

What is the truth about future enrollments? Is a crisis inevitable, as the title of this report suggests? Is your institution prepared to deal with a crisis if it comes?

Students of trends in higher education management and governance agree that over the next decade there will be a substantial reduction in the number of students nationwide; but, ironically, few educators relate these declines to their own campuses.

After looking at statistics on the drop-off in high school graduates for the coming years, I took an informal survey to see how presidents were planning for the decline. Much to my surprise, I found that almost every chief executive queried felt his or her institution would maintain enrollments in a stable pattern for the next 10 years. A few presidents mentioned that they dare not say anything to the contrary, for fear it would become a self-fulfilling prophecy.

At one of AGB's recent conferences, a prominent chief executive of a public system of higher education said that the "dire prophecies of enrollment decline seem not to be coming true—certainly not in the magnitudes predicted. The oversimplified demography of the shrinking pool of high school graduates has not been very convincing to date, and I believe that it will be no more so in the rest of the 1980s."

A report on college enrollment trends written by Carol Frances and published by the American Council on Education in 1980 pointed to 12 strategic areas—such as those encompassing dropouts, foreign students, and adults—where it might be possible to increase enrollments. In her report, Dr. Frances carefully qualified each of these possible increases, pointing out that no one could expect to take advantage of all of them. But, *if all the areas she cited did show increases*, enrollments would actually show a gain by 1994. Unfortunately, the press as well as higher education in general ignored the qualifications and quickly spread the word that enrollments would, if anything, soar in the next 10 years or so.

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Responding to what seemed to be an incipient rose-colored glasses approach to enrollment trends, AGB decided that boards and chief executive officers needed a fresh look at the facts and issues, coupled with realistic interpretation. It is our contention that pragmatic contingency planning holds the key to institutional vigor in the '80s and early '90s. Although all elements in the enrollment picture are not yet fully developed, each institution has a responsibility to make its own enrollment projections based on all the available data, and to relate to the facts to the best of its ability.

With support and encouragement from Fred Crossland, formerly of the Ford Foundation and currently vice president of the W. Alton Jones Foundation, and William Boyd, president of the Johnson Foundation, AGB embarked on a project to produce a treatise on enrollment that would convey the best information possible in a straightforward manner.

After a thorough search, David Breneman of the Brookings Institution was selected to pull the facts together. A small group of interested educators convened at the Wingspread Conference Center to review Dr. Breneman's proposed outline and to offer constructive suggestions. Included in that group, besides Messrs. Boyd, Breneman, and myself, were the following: Patrick M. Callan, director, California Postsecondary Education Commission; Harold L. Enarson, president emeritus, Ohio State University; E. K. Fretwell, chancellor, University of North Carolina (Charlotte); Henry M. Halsted, vice president, Johnson Foundation; Nils Hasselmo, vice president for administration and planning, University of Minnesota; Richard T. (Tom) Ingram, executive vice president, Association of Governing Boards; John W. Pocock, chairman, board of trustees, College of Wooster; Robert W. Scott, former governor of North Carolina; and David L. Viar, executive director, Illinois Community College Trustee Association. Dr. Howard Swearer, president of Brown University, reviewed a draft of the report.

I would like to thank all these busy people for their thoughts and suggestions. At the same time it should be pointed out that this final published work is David Breneman's responsibility alone.

As you leaf through these pages, please take particular note of the bar graphs. They show by region and state, listed alphabetically, the increase or decrease in the number of high school graduates projected through 1994. Incidentally, we are especially grateful to the Western Interstate Commission on Higher Education (WICHE) in Boulder, Colorado, for granting AGB permission to reproduce the graphs.

After reading Dr. Breneman's text, you may wish to refer to the back of the book, where the author poses a series of difficult but important questions. Your answers, however tentative, may help you determine where your institution stands in relation to enrollment trends, and if you are planning wisely. Attempting to answer them is, to say the least, a sobering exercise.

Your comments about this publication would be welcomed by both AGB and Dr. Breneman.

Robert L. Gale
President
Association of Governing Boards
of Universities and Colleges

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Introduction

Those concerned with the well-being of higher education may have noted a curious—and troublesome—paradox. On the one hand, most people are aware that the "baby-boom" generation has passed through the nation's colleges, and that for the next 15 years colleges and universities in most states will face the much smaller "birth-dearth" generation.

Many people also know that the traditional college-age population will decline in number between now and the mid-1990s by roughly 25 percent. On the other hand, a recent national survey of college and university presidents reported that only 16 percent of the presidents expected their institutions to lose enrollments, while 42 percent expect their enrollments to increase! The remainder see their enrollments as holding steady. This paradox suggests that most presidents are either incurable optimists or they know something that the rest of us do not. A more troubling possibility is that most presidents are unwilling to admit—or do not believe—that enrollment decline will hit their colleges, although they fully expect other institutions to have trouble.

If a great many presidents are operating under the assumption that enrollment decline is someone else's problem, leading their trustees to the same conclusion, then the prospect of severe educational and financial disruption for a number of colleges and universities over the next 10 to 15 years seems likely indeed. If the presidents are wrong in their optimistic forecasts, and their institutions fail to anticipate and plan for enrollment decline, all those whose lives are bound up with the institution will suffer needlessly.

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The purpose of this report is to provide college and university trustees with information about enrollment prospects, and to suggest questions that trustees might ask in order to probe the adequacy, comprehensiveness, and realism of the institution's long-range planning. Although the report does not advance its own enrollment projection, it does accept the rather widespread view that between now and the mid-1990s, enrollments will decline nationally by about 15 percent. The report states the reasons for adopting this projection and discusses the factors that some analysts think may limit the drop in enrollments to a smaller percentage.

Trustees, of course, are not directly concerned with national enrollments, but rather with the prospects for their own institutions. The view taken here is that a few colleges and universities will continue to attract more qualified applicants than they can admit, and thus need not decline in size unless by choice, while other institutions, in spite of their best efforts, will experience enrollment losses in excess of the 15 percent projected nationally.

The majority of colleges are not likely to fall within either extreme, however, experiencing instead manageable declines of 10 to 15 percent. It is to this group of institutions that the report is primarily directed, for with careful planning and sound management, the majority of colleges and universities should be able to survive the next 15 years with essential programs intact, and even with some gains in their educational quality.

This relatively favorable outcome is by no means assured, however. Higher education has been a growth industry for the last 30 years, and few administrators have had much experience in managing decline. Recent years have witnessed a remarkable expansion of access to higher education as women, racial and ethnic minorities, low-income students, and older part-time students have been encouraged to attend. For this reason, it is not surprising that many educators look to even greater expansion of access as the answer to a diminishing population of 18 to 22 year olds. While supporting increased educational opportunity, this report assumes that such efforts will not fully offset the 25 percent drop in the traditional college-age group. Hence, most institutions will be faced with the need to plan for and manage enrollment decline over the next 10 to 15 years.

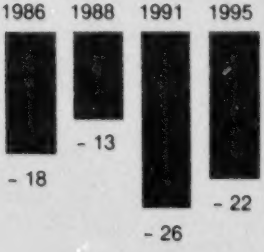
One of the main reasons that the Association of Governing Boards commissioned this report was the concern that far too many colleges and universities were entering this difficult period without sound long-range plans or management techniques suited to an era of retrenchment. There was particular concern that many trustees are not fully aware of the challenges ahead, and could benefit from a brief discussion of what is known—and not known—about enrollment projections and the economic environment in which higher education will be functioning. The report is not prescriptive, advocating no particular course of action other than improved institutional planning and preparation for the tough years ahead. The information presented, together with the suggested questions for trustees to ask, should lead to valuable discussions on campus regarding the long-range prospects of the college or university and alternative courses of action for shaping the institution's future.

Enrollment Projections

What do we know with certainty about future enrollments in higher education? How accurate have past projections been? What factors determine total enrollments and the distribution of students among institutions? How can national projections be translated into enrollment forecasts for a particular college or university? If we had answers to questions such as these, much of the guesswork would be eliminated from college and university planning. Our knowledge is much too limited, however, to relegate enrollment planning to technicians. Important elements of judgment, intuition, and just plain luck will necessarily enter into institutional planning and decision making. This section looks at the factors that go into enrollment projections and provides relevant data on trends at the national, regional, and state levels.

In looking ahead, the one solid piece of information that we have is the future age distribution of the population, including the number of 18-year-olds for

United States*



*Based on nationwide projection

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each of the next 18 years. These are counts of people already born, and thus are hard data, not forecasts. The size of this age group from 1950 through 2000 reveals three important points. (See chart on pages 20–21.)

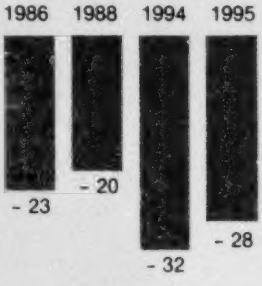
First, the number of 18-year-olds roughly doubled between 1950 and 1980, with the most rapid growth occurring in the 1960s (45 percent increase) and a considerably slower rate of growth in the 1970s (13 percent increase). These data help to explain why the 1960s witnessed such explosive growth in higher education enrollment, while the 1970s witnessed continued growth, but at a slower rate.

Second, the figure shows the sharp drop in this age group that will occur between 1979 (the peak year) and 1994 (the trough). The population drops from 4.3 million to 3.2 million, a 26 percent decline, which helps to explain why the years between now and the mid-to-late-1990s are of great concern to higher education.

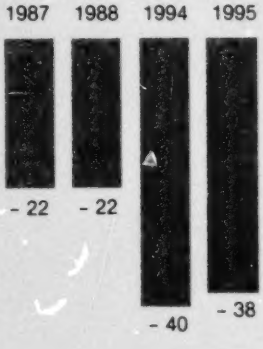
Finally, the population of 18-year-olds begins to climb again in the last years of the 1990s, reflecting an "echo" baby boom—the children of the earlier baby-boom generation. This final point is important because it shows that enrollment decline is not forever. The nation's colleges and universities must weather a difficult 15 years, but they can expect enrollments to climb again in the late 1990s. The fact that the downturn is not permanent must be factored into each college's long-range plan, and state officials must weigh the financial benefits of closing programs or campuses now against the costs of rebuilding them when once again enrollments surge.

In addition to data on the future age distribution of the population, we also have a good deal of information on past enrollment trends. For example, we know the number and percentage of students graduating from high school, the number and percentage going on to college and where they have gone, the number and percentage graduating from college, and so forth. We also know something about student characteristics, such as family income, average SAT scores, race and ethnicity, age, and sex.

Northcentral Region



Northeast Region



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Southeast and Southcentral Region

And, of course, each college has a considerable amount of information on its own students, including number of applicants, percent admitted, percent acceptances, as well as information on student characteristics. Such data are an essential starting point for understanding the institution's place in the student marketplace.

Finally, we have a modest body of research findings on the determinants of college-going behavior, including the effects that price, quality, location, economic rate of return, student aid, curriculum, and unemployment rates have on the decisions of whether—and where— to enroll. Typical findings are the following:

- The decision *whether* to attend college is relatively insensitive to changes in price, but the decision *where* to enroll is quite sensitive to price differences among institutions.
- Older, part-time students are as concerned about convenient scheduling and location as they are about price.
- The weakened labor market for college graduates in many fields during the 1970s lowered the average rate of return on an investment in college education, and may have contributed to a slowdown in enrollment growth.
- Enrollment rates, particularly in community colleges, tend to increase when the local unemployment rate goes up, and drop when the unemployment rate goes down.

While research findings such as these are useful both to institutional and governmental planners and policymakers, many imponderables influence the college-going decision, complicating efforts to forecast future student behavior. Furthermore, the next 10 to 15 years will be very different from the last two decades, making extrapolation of past patterns of behavior a dubious activity. The biggest change will be the shift from a seller's to a buyer's market, and no one

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understands fully the implications of that change. One can say with certainty, however, that the competition among colleges will get much stiffer, and that a poorly prepared and poorly directed institution will be highly vulnerable to institutional decline, even closure. A well-informed and active board of trustees could make the difference between a healthy, thriving institution and one in which quality and performance go steadily downhill.

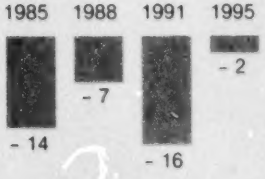
When we move beyond birth statistics to enrollment projections, considerable uncertainty is introduced. Consider the factors that have to be included in making an enrollment projection:

- High school graduation rates;
- College entry rates;
- College retention rates;
- Enrollment rates for older age groups;
- Enrollments of foreign students;
- Enrollments of graduate and professional students;
- Full-time vs. part-time attendance (in order to measure full-time equivalence).

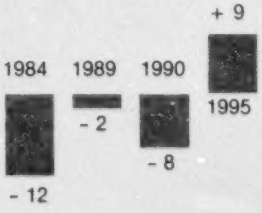
In addition, one may want projections for a state or region, for particular types of institutions, or for particular groups of students, such as women, minorities, religious denominations, older students, or low-income students. Because so many factors intervene between simple population statistics and projected enrollments, it is not surprising that a wide range of forecasts exists. Later in this report we will look at several factors that a report of the American Council on Education has suggested might offset the decline in the 18-year-old population.

Projections of high school graduates are of particular importance, however, for recent graduates still comprise the bulk of full-time enrollments. William R. McConnell of the Western Interstate

Western Region



Western Region Except California



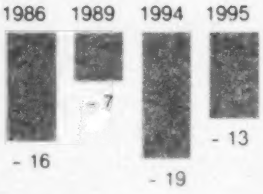
Commission for Higher Education (WICHE) recently made such projections for each of the 50 states by year to 1995. Bar graphs show those projections on a regional basis and for the United States as a whole. (Projections for each of the states run in alphabetical order throughout this study.) McConnell's projections take into account differences in birth rates by state as well as migration patterns among the states. The Northeast and Northcentral regions will be the hardest hit, with projected declines from the 1979 level of 40 and 32 percent, respectively. By contrast, the Western and Southeast-Southcentral regions are projected to decline by only 16 and 13 percent. Because many colleges and universities draw their enrollments from the state or region in which they are located, it is clear that the pattern of enrollment decline will not be distributed evenly among institutions.

The projections for individual states are even more sobering. Several states, such as New York, Massachusetts, Connecticut, Rhode Island, and Delaware, are projected to have declines in excess of 40 percent, while others, such as Pennsylvania, New Jersey, Maryland, Michigan, Illinois, Minnesota, Ohio, Wisconsin, and Iowa, have projected declines of between 34 and 40 percent. Most of these states have large numbers of public and private colleges and universities, making the adjustment to greater-than-average enrollment decline particularly severe. Trustees of institutions located in the Northeast and Northcentral regions have particular reason to be alert to the need for intelligent planning for the years ahead.

It is also worth noting that a few favored states in the Southcentral and Western regions are projected to have increases, rather than decreases, in the number of high school graduates by 1995. Louisiana, Texas, Oregon, Nevada, Arizona, Idaho, Utah, and Wyoming are in this category. Ironically, many of the states where enrollment growth may occur—or where declines may be minimal—have relatively few private liberal arts colleges, the kind of institution particularly at risk.

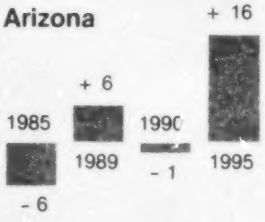
If most colleges operated in a national marketplace, location and differences in regional growth would be less critical; however, such is not the case. Instead, the next two decades are likely to witness college closings in the northern tier of states at the same time that new ones may be opening or older ones expanding in the western states. With regional differences this extreme, trustees need to know the states from

Alabama



Alaska*

Arizona



which the college draws most of its students, relating that information to the projections of high school graduates by state. Such a comparison may indicate a clear need to expand the college's recruiting efforts.

Possible Offsets to the Declining 18-year-old Population

Faced with falling numbers of traditional college-age students, many colleges and universities have sought increased enrollments elsewhere. A report written by Carol Frances and published by the American Council on Education in 1980 received widespread attention. Titled *College Enrollment Trends: Testing the Conventional Wisdom Against the Facts*, it discussed several strategies for increasing enrollments in the years ahead. These were:

- Increased high school graduation rates of students who would otherwise drop out;
- Increased credentialling by testing of high school dropouts;
- Increased enrollment of low- and middle-income students;
- Increased enrollment of minority youths;
- Increased enrollment of traditional college-age students;
- Increased retention of current students;
- Increased enrollment of adults;

*Includes nonpublic schools

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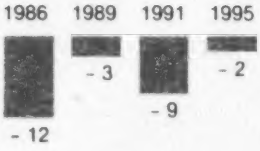
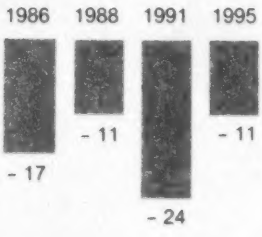
• Increased enrollment of women aged 20 to 34;
• Increased enrollment of men aged 35 to 64;
• Increased enrollment of graduate students;
• Increased enrollment of persons currently being served by industry;
• Increased enrollment of foreign students.

The report presented estimates of the potential enrollment gains nationally that could be made between 1980 and 1990 with each of these strategies. It also provided an illustrative example in which the combined effect of three strategies—enrolling more lower- and middle-income young people, more adults over age 25, and more foreign students—could by 1990 result in a 3.5 percent increase over 1980 enrollments. Although this example was not presented as a forecast, some of the press coverage did give that impression, thereby making the report unnecessarily controversial.

Arkansas



California



Leaders in higher education are concerned that institutions are not preparing adequately for enrollment decline, and view the optimistic interpretations of the Frances report as both unrealistic and counterproductive —the future seen through rose-colored glasses. They worry that the report might mislead presidents and trustees, or be used by some presidents as a justification for putting off difficult decisions that would have to be made if a substantial drop in enrollments were the accepted forecast.

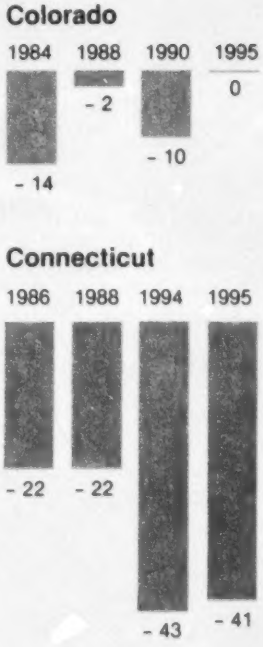
Those who support the emphasis of the Frances report argue that an essential part of educational leadership is the search for new students rather than passive acceptance of the enrollment decline foreshadowed by demography. Higher education is, after all, a good

thing; and if an opportunity exists to extend its benefits to those who have heretofore been excluded, then it would be a failure of leadership not to make that effort.

In retrospect, it seems clear that the controversy surrounding the report need not have occurred. At the level of the individual institution, there is no inherent conflict between a careful effort to assess possible sources of new students, and an equally careful effort to make realistic enrollment projections for the institution. A residential liberal arts college of 1,200 students in a rural town of 8,000 people, for example, simply does not have the same possibilities for enrolling older part-time students that an urban university has.

The liberal arts college might be able to increase its enrollment of foreign students, however, or broaden its recruiting to cities where it has not been active in the past. It would be irresponsible for the president and trustees not to explore new sources of students; in that sense, the Frances report serves as a check list for strategies and a source of information on the size of the various groups involved in the study.

It would be equally irresponsible, however, to approach those strategies for increased enrollments on the assumption that each college will find some combination of nontraditional students to offset the loss of the traditional college-age population. Several of the strategies outlined are not



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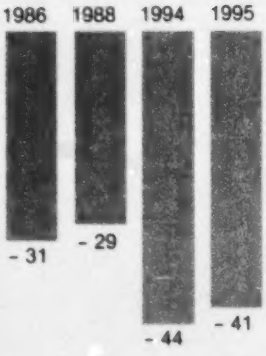
within the power of colleges and universities to determine. Actions of others will be required if high school graduation rates for majority and minority youth are to increase, or if greater numbers of dropouts are to earn high school certificates through equivalency tests.

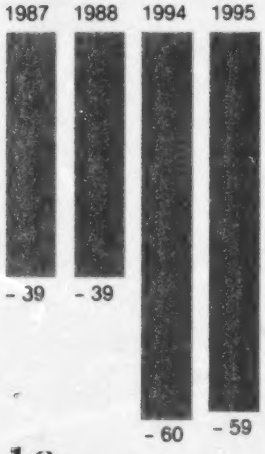
Institutions of higher education can cooperate with the high schools, and faculty and administrators can volunteer to help increase graduation rates; but effective power to motivate and encourage improvement in the high schools lies elsewhere. The fact that the high school graduation rate has remained essentially unchanged at about 75 percent of the 18-year-old population since 1965 should give pause to those who think it will be simple to raise the rate to 80 percent or more in a few years.

The fact that black and Hispanic youngsters will make up a growing percentage of the 18-year-old population

Delaware*



District of Columbia



*Delaware and Maryland projections include nonpublic schools

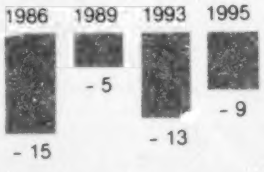
between now and the late 1990s must also be considered, for these minority students have substantially lower rates of high school completion than majority youngsters. In 1977, the high school graduation rate for whites 18 to 24 years old was 83.9 percent, for blacks 69.8 percent, and for Hispanics 55.5 percent. In the absence of concerted action to raise the completion rates of blacks and Hispanics, their increasing numbers in the age group will cause the high school graduation rate to fall—not rise—over the next 15 years.

Increased enrollment of young people from low- and middle-income families is also largely outside the control of colleges and universities, for the bulk of additional student financial aid required to increase their enrollments would have to come from federal and state governments, not from college coffers. While it appears that Congress will not accept recent attempts to cut back federal student aid severely, it is difficult to forecast with any optimism an increase in student aid that would support an additional 560,000 students from low- (less than $10,000) and middle-(between $10,000 and $24,000) income families. Once again, the current trend seems to be just the opposite of that required to increase enrollments.

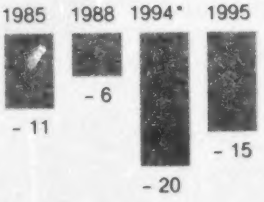
Perhaps the most promising strategy for boosting enrollment of younger people is to increase retention rates of those already enrolled. Presumably, students who drop out of the university were fit for admission, suggesting a need to look within the institution for possible reforms. While attrition can never be eliminated, most colleges can probably do a better job of keeping more of their current students enrolled. This strategy is hardly new, however, and many colleges may have reduced attrition about as far as possible. If trustees are not routinely provided with statistics on attrition, they should request such data, together with figures for comparable institutions. This is one area where the colleges can exercise considerable control, and it should be watched closely by trustees and administrators.

Older students constitute the group most commonly looked to as an offset to the declining population 18 to 24 years old. Indeed, between 1970 and 1978, the number of students 25 to 34 years of age did increase significantly, with enrollment of women experiencing a

Florida



Georgia



*Ignores artificially small groups projected for 1990 and 1991

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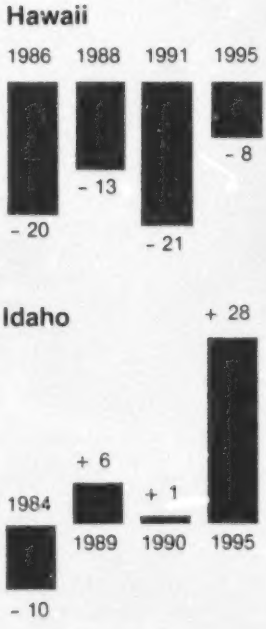
particularly sharp 187 percent increase. In 1970, 7.9 percent of men and 3.2 percent of women 25 to 34 years old were enrolled in some form of postsecondary program; by 1978, these percentages had increased to 8.6 and 6.9 respectively, showing the relative gain made by women in this age range.

Community colleges accounted for much of this enrollment growth, with over 27 percent of their students in the 25 to 34 age group in 1978, compared to 14 percent in the four-year colleges. In 1978, only 0.8 percent of the population 35 to 59 years old was enrolled in postsecondary education.

Projecting enrollments for the population over age 25 is subject to great uncertainty, but those who have examined the matter closely do not expect enrollment rates to continue rising as rapidly as they did in the 1970s. One reason is an assumption that the sharp increase of female enrollments is a one-time "catching-up" phenomenon that will not repeat itself. In recent years, younger women have enrolled in college in roughly the same proportion as men, whereas those in the generation preceding them did not. Women from this older generation enrolled in large numbers during the 1970s, making up for educational opportunities missed earlier. A second reason that adult enrollments may grow less rapidly in the 1980s is the expiration of GI Bill benefits for Vietnam



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veterans. Older students drawing these benefits contributed substantially to enrollment growth during the 1970s.

The vast majority of students over age 25 enroll part time, usually in evening courses offered at a convenient location near the student's home. Community colleges are particularly well suited by location and orientation to serve this adult market. Trustees of four-year colleges and universities must consider carefully the implications of encouraging their institutions to enter this market, casting a skeptical eye at projections suggesting large increases in such enrollments. It must also be remembered that several part-time students are required to generate the equivalent workload and revenues of one full-time student, so head-count projections must be discounted to full-time equivalence. A decision to move aggressively into this market should not be taken lightly.

A similar caution concerns increased enrollment of foreign students. In 1980-81, some 312,000 nonimmigrant foreign students were enrolled at 2,734 U.S. colleges and universities, making up a little more than 2.5 percent of total enrollments. This figure represents more than a doubling of such enrollments since 1970-71, when 1,748 institutions enrolled 145,000 foreign students. Over 43 percent of the foreign students in 1980-81 were enrolled in engineering or business management programs, areas currently crowded with U.S. students.

Few foreign students enroll in humanities or education programs, where excess capacity currently exists on many campuses. Given this pattern of foreign student enrollments, it is far from certain that the nation's colleges could absorb a further doubling in the number of such students during this decade. Colleges contemplating increased recruitment of students from abroad may find that the educational interests and needs of those students and the capacity of the college to accommodate them may not mesh

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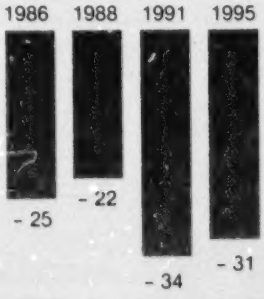
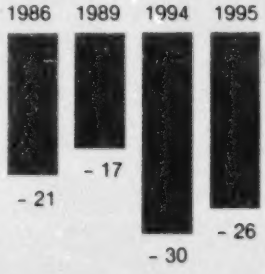


Indiana



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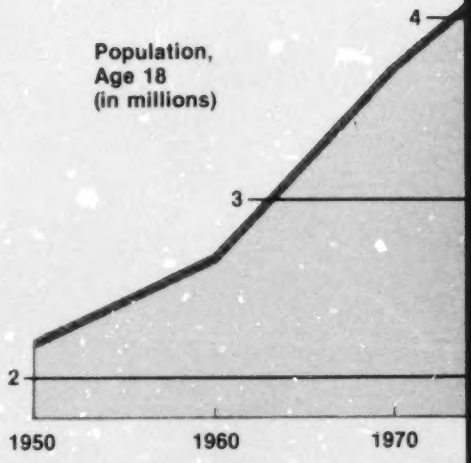
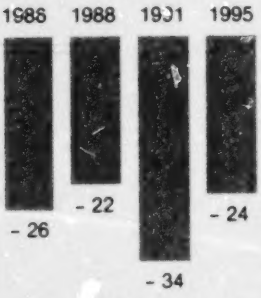
How best to evaluate the potential net effect of these several strategies for combating enrollment decline? Each suggests a wide range of possible forecasts that could be made, depending upon the assumptions adopted. Several analysts have independently arrived at an estimated enrollment decline of about 15 percent. This figure incorporates a view that various recruitment strategies will offset about 40 percent of the 25 percent decline that would follow from demographic factors alone. As mentioned earlier, even if this rough national estimate turns out to be accurate, considerable variation will occur among regions and institutions. An example of what might happen in a state facing a greater-than-average enrollment decline is presented in a later section of this report.



Iowa



Population, Age 18 (in thousands)

Year	Total	Men	Women
1950	2,164	1,090	1,074
1960	2,612	1,323	1,289
1970	3,780	1,913	1,867
1975	4,242	2,146	2,096
1976	4,251	2,150	2,101
1977	4,241	2,142	2,099
1978	4,228	2,138	2,090
1979	4,291	2,172	2,119

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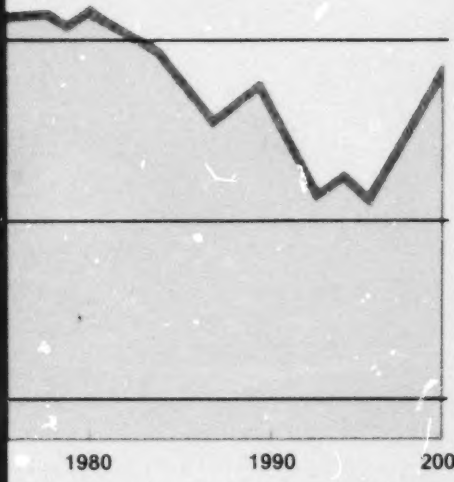
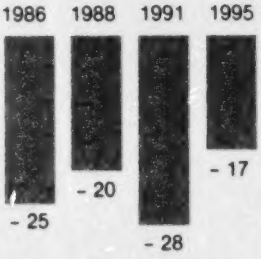
Year	Total	Men	Women
1980	**4,211**	2,130	2,081
1981	**4,145**	2,098	2,048
1982	**4,087**	2,070	2,017
1983	**3,917**	1,979	1,938
1984	**3,703**	1,874	1,829
1985	**3,604**	1,822	1,782
1986	**3,521**	1,783	1,738
1987	**3,567**	1,805	1,762
1988	**3,654**	1,850	1,804
1989	**3,733**	1,895	1,838



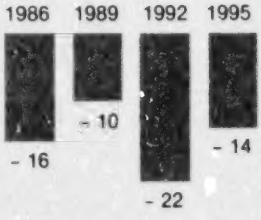
1990	**3,426**	1,736	1,690
1991	**3,241**	1,643	1,598
1992	**3,168**	1,609	1,559
1993	**3,247**	1,648	1,599
1994	**3,199**	1,626	1,573
1995	**3,261**	1,657	1,604
1996	**3,359**	1,707	1,652
1997	**3,491**	1,774	1,717
1998	**3,652**	1,856	1,796
1999	**3,806**	1,934	1,872
2000	**3,910**	1,987	1,923

Source: Charles J. Andersen, *1981-82 Fact Book for Academic Administrators*. Washington, DC: American Council on Education, 1981, p. 5.

Kansas



Kentucky



Louisiana

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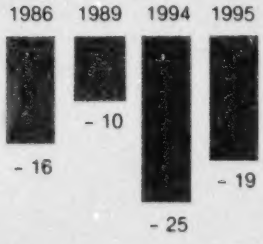
Other Factors that Influence Enrollments

In addition to the demographic considerations discussed above, a number of other factors will affect enrollment patterns during the 1980s and beyond. Among these are the state of the economy, both nationally and locally; trends in federal and state student aid; the rate of increase in college prices relative to the general rate of inflation and to the growth in family incomes; employment prospects for new graduates; and the relative attractiveness of alternatives to college, such as military service or the labor market. Factors such as quality and diversity of programs, location, prestige, price relative to competitors, and recruitment policies will largely determine how students distribute themselves among the various campuses. While no one is able to estimate with great precision the impact these factors will have--alone or in combination—on enrollment patterns, a few general points can be made.

Maine



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If the economy continues to perform sluggishly, with high rates of unemployment and inflation, there will be conflicting effects on enrollments. A high rate of unemployment, particularly for younger workers, reduces one of the major economic costs of attending college—the income students forego while enrolled. If unemployment is the alternative, the incentive to attend college is increased. This effect is particularly noticeable in the enrollment patterns of community colleges, where the enrollment rate often moves in tandem with the unemployment rate. On the other hand, a weak economy reduces tax revenues, which usually means less financial support for higher education. Budget cuts often lead—as in the state of Washington recently—to sharp tuition increases and enrollment caps that directly reduce enrollments.

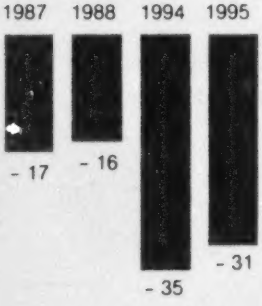
During the 1970s, federal student aid increased dramatically. Legislation passed in 1972 created Basic Educational Opportunity Grants (subsequently renamed Pell Grants); in 1978 federal grant and loan programs extended eligibility to middle- and upper-income students. By fiscal 1981, over $10 billion in federal support for students was authorized, encompassing not only the Department of Education grant and loan programs, but also health training, social security benefits, and the GI Bill.

These programs, together with student aid from state and private sources, went a long way toward ensuring access to higher education as well as reasonable choice for students among low- and high-priced institutions. Demonstrating the growing importance of federal aid, a recent national survey reported that private colleges and universities received a sixth of their income from the federal government in fiscal 1980, an increase of nearly 20 percent over the previous year's figure.

The fiscal 1983 budget proposed by the Reagan administration in February 1982, would cut these federal programs to $5.7 billion, a 45 percent drop in current dollars from the Fiscal 1981 level. At this writing, it appears that Congress will not accept such a sharp cut, but regardless of the precise outcome, the growth of federal student aid will be curtailed.

For the foreseeable future, it would be prudent for trustees to assume that federal aid will be less plentiful and a

Maryland*



Massachusetts

*Delaware and Maryland projections include nonpublic schools

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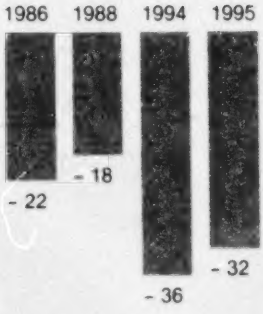
less reliable source of support. Although additional student and family resources may be forthcoming, it also seems likely that a bumping process will occur, in which some students shift from high- to low-priced institutions, some from full-to part-time status, and some from resident to commuter status, while others withdraw from college altogether. Clearly, the overall effect will be both to reduce and redistribute enrollments.

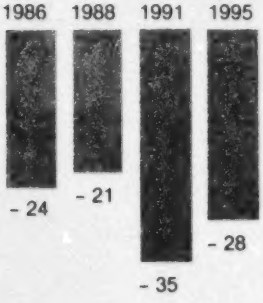
With the means of financing college education less readily available, many institutions will encounter growing resistance to tuition and related price increases. Over the last decade, average college charges increased at roughly the same rate as inflation and at a slightly lower rate than the growth of median family incomes; however, substantial variation existed around these average charges, on both the high and low sides.

The availability of low-interest guaranteed loans to all students since

Michigan



Minnesota



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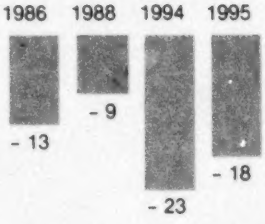
1978 undoubtedly made it easier for families to finance rising college costs. Should eligibility for these loans be further restricted, as seems likely, some colleges will lose enrollments. Trustees need to be fully aware of the degree of dependence their institutions have on the various forms of student aid.

One bright spot that may help to shore up enrollments later in this decade is a likely upturn in the labor market for college graduates. The flip side of declining enrollments is a reduced labor supply of new graduates. All else being equal, a reduced supply of college graduates should lead to a stronger market for their services, an effect that should be visible by the mid-1980s. An improved market, in turn, may help to restore student interest in those liberal arts fields that have suffered in recent years from the emphasis on vocationally-focused majors. Labor market experiences, however, will still vary by field of study.

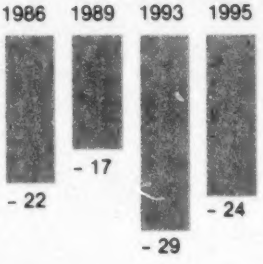
In general, one can expect the relative scarcity of young people over the next 15 years to enhance the opportunities available to them, not just in college but in the labor market and in the military as well. Competition for their services will increase, and colleges will find themselves competing not only with each other but also with the all-volunteer military and with employers.

While to date there has been no overall public policy toward youth, it is possible that circumstances in this decade will bring about a coordinated approach to policies governing student aid, military recruitment, and youth employment. Some form of national youth service is a related idea that is mentioned from time to time. While the shape of a potential youth policy is unclear and the likelihood of its implementation uncertain, college and university administrators and trustees should be alert to the pressures that might bring such a policy into being. Its implications for the colleges would be profound.

Mississippi



Missouri



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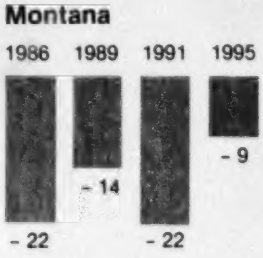
Prospects for the Sectors of Higher Education

How will the different types of institutions be affected by the prospect of enrollment decline? Are there any generalizations that might be helpful to trustees?

A fairly broad consensus exists that two groups of colleges and universities are particularly at risk—nonselective private liberal arts colleges and public state colleges and universities, many of them former state teachers colleges. Private junior colleges are also highly vulnerable to enrollment decline.

By contrast, state university systems, and particularly the flagship campuses, should experience limited loss of enrollments because in most states these institutions have an excess of



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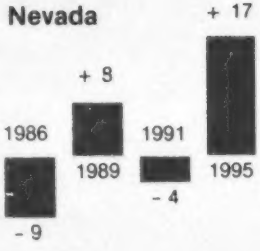
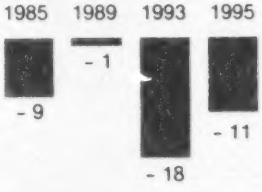
applicants and can largely determine the size of entering classes. Similarly, the high-prestige private colleges and universities will fare well in the competition for enrollments because they draw on national pools of applicants. Public community colleges are also favorably positioned by their relatively low prices, their ability to serve the adult part-time population, and their flexibility in shifting program offerings rapidly in response to changing demands. In general, institutions located in urban settings will have more opportunities to offset enrollment decline than will those located in rural areas.

Fred E. Crossland, former program officer in education with the Ford Foundation and a close observer of trends in higher education, produced the following hypothetical example of the enrollment outlook for a state whose annual supply of high school graduates will decline by 39 percent over 15 years. (As noted earlier, a number of states in the Northeast and Midwest face declines of that size.) In his example, Crossland assumed that

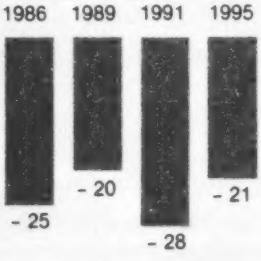
Nevada



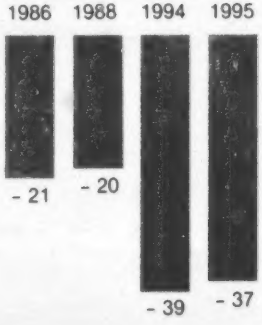
New Hampshire



Nebraska



New Jersey



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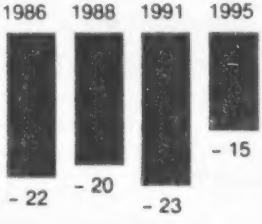
Hypothetical State's Enrollment Outlook*

Institutional types	Current enrollment	Enrollment decline	Enrollment at low point	Percent decline
State university system	25,000	1,500	23,500	- 6.0%
State colleges	50,000	23,000	27,000	-46.0
Public community colleges	75,000	3,000	72,000	- 4.0
High-prestige private colleges	20,000	1,500	18,500	- 7.5
Non-prestigious private colleges	75,000	35,800	39,200	-47.7
Small, special purpose privates	5,000	200	4,800	- 4.0
State totals	250,000	65,000	185,000	-26.0%

New Mexico



one-third of the decline is offset by increased participation rates and adult enrollment, resulting in a net loss of 26 percent. If this hypothetical state's current enrollment is 250,000, under these assumptions it would fall by 65,000, reaching a low of 185,000.

The distribution of this decline on Crossland's assumptions is portrayed in his hypothetical state chart (above). The highly vulnerable institutions are the non-prestigious private colleges and the public state colleges, which absorb 90 percent of the expected contraction. In this example, the public sector declines

*Source: Fred E. Crossland, "Learning to Cope With a Downward Slope." *Change*, vol. 12, no. 5, July-August 1980, p. 23.

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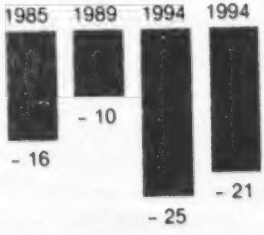
over the 15 years by 18.3 percent (from 150,000 to 122,500), while the private sector loses enrollment at roughly twice that rate, falling 37.5 percent (from 100,000 to 62,500).

Although this profile may not correspond exactly to the situation in any state, the order of magnitude involved is well within the realm of possibility. Clearly, trustees and administrators of state colleges and nonselective private colleges will face difficult decisions should enrollment losses of this size occur.

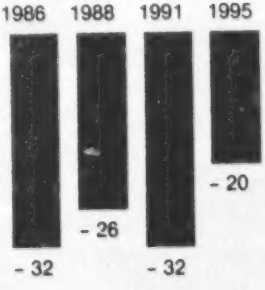
But even the more favored institutions will face dilemmas that require hard thinking, sound planning, and dedicated effort. Research universities, public and private, can expect difficulties in financing graduate programs and maintaining their strength as research institutions. Prestigious private colleges will have to struggle to maintain diverse student bodies rather than becoming enclaves for the very rich and a limited number of the very poor. Community colleges will face stiff competition from four-year institutions and universities for the traditional college-age students who enroll in transfer programs, and will have difficulty financing the large number of part-time students who enroll in noncredit courses.

North Carolina



New York

North Dakota



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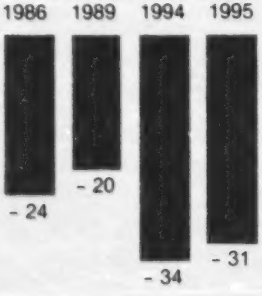
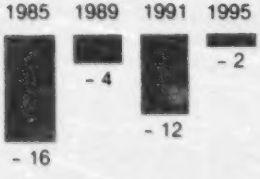
Questions Trustees Might Ask

Ohio



Oklahoma



No group of institutions, in short, will escape the need to plan for—and adapt to—the difficult circumstances in which higher education will find itself over the next 15 years. Well-informed trustees who raise thoughtful and timely questions for college administrators and for themselves will be of extraordinary value to their institutions.

The following questions are illustrative of those that should be raised. A caution is in order, however: Some of these questions are more easily answered than others, and some must be addressed first by the board as matters of policy.

Implicit in the preceding sections are a number of issues concerning enrollment prospects and long-range planning that warrant thorough discussion at trustee meetings. This concluding section brings together several questions that trustees might ask in order to probe the adequacy of the institution's planning and preparation for the difficult years ahead. Answers to some questions may require significant amounts of staff time for research and investigation, and virtually all the questions assume that the college or university has an adequate management-information system on which to draw.

General questions applicable to any campus are presented first. Further sections offer questions that may have special applicability to particular sectors of higher education, although the sections are neither mutually exclusive nor exhaustive.

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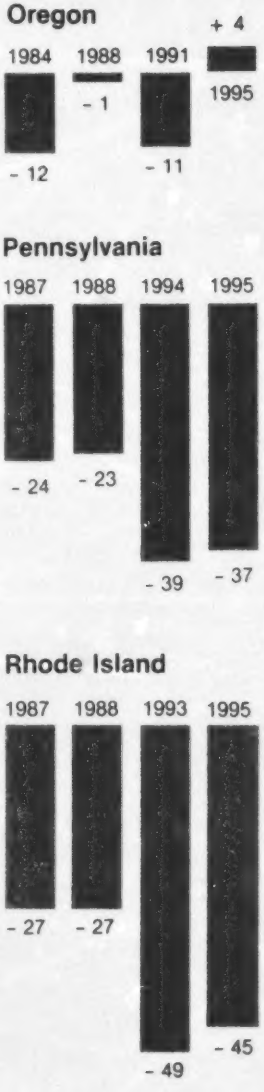
General Questions

- Is the college's present planning process adequate for the years ahead? How realistic are institutional enrollment projections? How accurate have past projections been, and are current projections congruent with state and regional figures? If not, why not?
- What have been the relationships between enrollment levels, costs, and revenues in recent years? What approximate effect would a 10 or 15 percent decline in enrollments over the next five years have on costs and revenues?
- What is the student attrition rate from the various degree programs, and how has it changed over time? Has the institution taken any steps to try to reduce it?
- Average costs per student are not useful for the type of analysis that focuses on changes in costs as enrollments rise or fall. Instead, colleges should have estimates of marginal (incremental) costs or estimates of fixed and variable costs. Can such data be estimated for the college for use in planning and financial analysis?
- In light of possible enrollment decline and the accompanying loss of revenues, should the college take a fresh look at its pricing policies? Is there a case for charging different tuition rates by program or level of study to reflect cost differences more accurately? Should the college match, exceed, or lag behind price increases of its competitors? Have fee structures been examined recently to align them more closely with current costs?
- Should the college seek to attract new clientele groups to maintain enrollments? If so, what will be the impact on the institution's traditional mission? Will a change in educational emphasis help or harm the college's attractiveness to its traditional clientele groups?
- Given current staffing patterns, how flexible is the college in shifting program direction? Would new programs require a net increase in faculty, or will retirements and normal attrition offset



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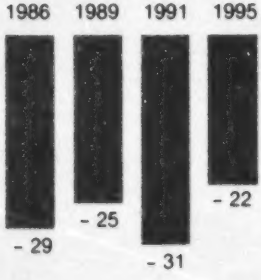
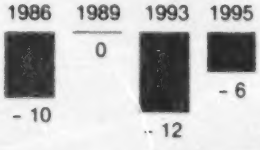
South Carolina

South Dakota



Tennessee



the addition of new faculty? Is faculty development and redirection a realistic possibility? At what point, under what circumstances, and with what procedures might it be necessary to dismiss tenured faculty?

- Are there alternative uses for campus buildings (including dormitories) that are rendered superfluous for a decade or more by enrollment declines? Can these surplus physical assets be converted into revenue producers? What can be done to avoid defaulting on long-term loans covering such properties?
- At what point will continued deferred maintenance and aging equipment adversely affect enrollments?
- How dependent has the college become on federal and state student aid? Is it possible to estimate the proportion of the student body that would withdraw if significant cuts were made in grant and loan programs? Can the college realistically plan to replace government aid by support or credit commitments from new sources?
- How much of the institution's own money is being spent on student aid? What percentage of the educational and general operating budget is being used for such aid, and how has that percentage changed over time? How much is drawn from restricted and unrestricted funds?
- How have the college's annual costs of attendance changed relative to the consumer price index and family income over the last decade? Has the college's competitive pricing position changed relative to the institutions with which it competes for enrollments?

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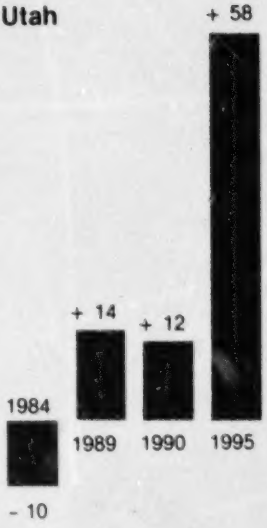
Questions for University Trustees

- How realistic are the projections for graduate enrollments in arts and sciences disciplines and in professional schools? How vulnerable are those enrollments to cutbacks in guaranteed student loans? Should some doctoral programs be phased out because of limited demand for graduates?
- How might graduate programs be changed to appear more attractive to potential students? With academic openings limited for the next 10 to 15 years, can the programs be oriented toward nonacademic employment? Should two-year master's programs and joint-degree programs be emphasized more than doctoral programs?
- In a time of declining undergraduate enrollments, should the university strive to maintain or increase its enrollments at the expense of other institutions, or can a case be made for voluntary enrollment ceilings? What would be the financial and political implications of such a self-imposed cutback, both internally and externally?
- Should the university support efforts to modify enrollment-driven funding formulas to take into account fixed and variable costs?

Utah



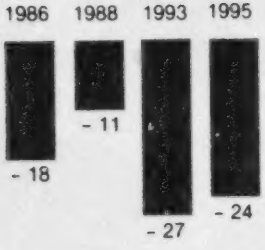
Texas

- If the institution has only recently gained university status, does it have a model for further development that is not based on emulation of the research university? If so, what are the implications for staffing, disciplinary coverage, and degrees offered?

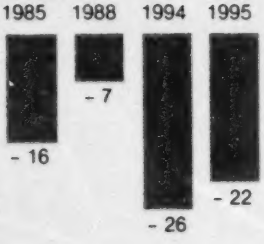
Questions for Liberal Arts College Trustees

- What are the recent trends in the college's number of applicants, acceptances, and enrollments? Is the college accepting close to 90 percent of those who apply? What is the yield in enrollments, and has the closing date for applications moved ever closer to the registration date? How probable is it that the college may fail to achieve its enrollment targets?
- Is apparent enrollment stability the result of attracting more evening or part-time students? How realistic is it to project a continuation of that trend? Is this direction of development consistent with the image that the college seeks to project for itself?
- Is enrollment stable because the college is accepting an increasing number of less-qualified students? What are the long-run implications of this change for the quality and attractiveness of the college?
- Is the cost of recruiting students stable or increasing? What proportion of the revenue derived from the incoming freshman class was spent in recruiting them? How much should be spent for

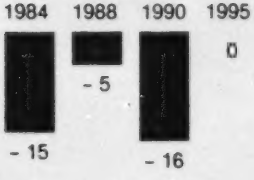
Vermont



Virginia



Washington



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recruiting, and what methods are most effective? How can the college distinguish itself from others?
- Do transfer students make up an increasing or decreasing proportion of new students? Has the college promoted itself effectively in community colleges in the area?
- Has the college over-extended itself in program offerings in an unrealistic attempt to attract new students? Is breadth of offerings an attraction to students, or would the college be better served by a leaner curriculum emphasizing depth and quality?

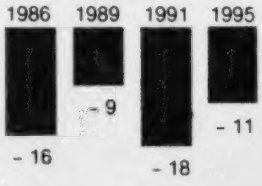
Questions for Community College Trustees

- Increasingly, state governments are setting limits on appropriations for two-year colleges regardless of actual enrollments. Does the college have a priority ranking of programs based on community-needs assessment to guide retrenchment should that be necessary?
- Transfer education has accounted for a steadily declining share of community college enrollments in recent years, but cuts in student aid may cause more 18-year-olds to enroll in two-year colleges. Is the college able to meet the needs of such students for a full range of college transfer courses?
- Have community educational needs been assessed? What would be the enrollment and financial effects of establishing programs to meet those needs? Is there a danger that the college will become overextended in comparison to its resources?
- Are faculty informed about changing enrollment patterns and possible effects on community college programs?

Questions for Multi-Campus Governing Boards

- Do enrollment projections suggest variations among campuses, with growth for some and decline for others? If so, should the board adopt plans and strategies to reduce the differences, such as enrollment ceilings on high-demand campuses, differential pricing, or redirection policies?

West Virginia



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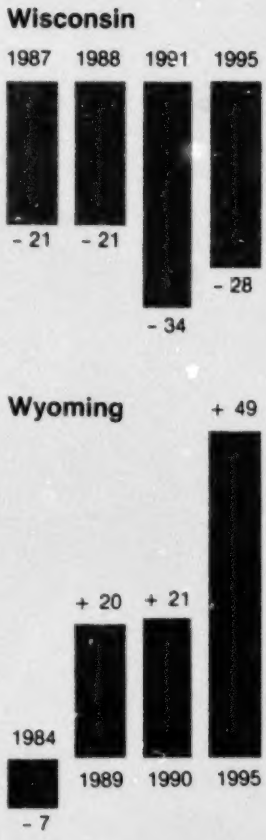
- Do provisions exist for systematic review of programs? For merger and closure of programs?
- Should there be provisions for transfer of faculty among campuses when programs are reduced or terminated?

Next Steps

After reading this candid report on enrollment prospects and problems facing the nation's colleges and universities, there is a danger that trustees may be overwhelmed by the difficulties ahead, and not know how to proceed. Stunning trustees into inaction, however, is not the purpose of the Association of Governing Boards in publishing this paper. Instead, the intent is to disabuse trustees of the notion—should some still hold it—that the position they occupy is not demanding and is largely ceremonial.

As the report makes clear, the next 10 to 15 years will be utterly unlike those of recent decades, when the challenge facing colleges and universities was to meet the demands of growth. The challenge now is not just to survive, but to do so while enhancing the quality of instruction, research, and public service rendered by the institution during a time of general retrenchment.

Those who serve and those who attend the nation's colleges and universities must rely on the support and informed guidance of trustees to a degree not required before. This report will have served its purpose if the discussion that it generates on campus leads to improved decision making and stronger institutions for the years ahead.



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David W. Breneman is a senior fellow in the economic studies program of the Brookings Institution, where he specializes in the economics of education and public policy toward education. At Brookings since 1975, he has coauthored two Brookings books, *Financing Community Colleges: An Economic Perspective* (1981), and *Public Policy and Private Higher Education* (1978), and written on federal education policy for the annual Brookings series, *Setting National Priorities*. From 1972 to 1975, he was staff director of the National Board on Graduate Education at the National Academy of Sciences, writing extensively on economic and policy issues confronting graduate education. He serves as executive editor of *Change*, the magazine of higher learning.

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The Association of Governing Boards of Universities and Colleges (AGB) is a nonprofit educational organization of governing, coordinating, and advisory boards of postsecondary education. AGB exists to help its members fulfill their roles and meet their responsibilities. AGB, among its many functions, emphasizes the elements of good working relationships between administrators and trustees, provides the background information needed by boards to deal with the many critical issues before them, and helps boards function with an awareness of the increasing interdependence of all types of colleges and universities. Founded in 1921, AGB established offices in Washington, D.C., in 1964.

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